

Chief Financial Officer's Council Improper Payments Prevention Request for Information

The Chief Financial Officer's Council (CFOC) seeks information related to private sector solutions that might be used to prevent improper payments in Federal government benefit and entitlement programs.

This is a Request For Information (RFI) issued solely for information-gathering and planning purposes. It does not constitute a Request for Proposal (RFP). Responses to this RFI will not affect a potential offeror's ability to respond to any RFP that may or may not follow. Please ensure that any sensitive or protected information is marked as such.

PURPOSE and SCOPE

The purpose of this RFI is to identify new solutions for preventing improper payments in Federal programs. The CFOC requests that RFI responses address the programs identified in the Office of Management and Budget (OMB) report, *Improving the Accuracy and Integrity of Federal Payments*, which can be accessed at http://www.whitehouse.gov/omb/financial/fia/ipia_gov-wide_report.pdf. Special emphasis should be given to the seven programs listed in the report that account for 95% of the total improper payments reported. Potential solutions may include, but need not be limited to:

- Improved risk management – assisting agencies to identify transaction activity or payment recipients where increased due diligence will prevent improper payments.
- Smarter decisions on eligibility – assisting agencies to verify the reliability and validity of information used to support eligibility determinations, including the use of third-party data sources.
- Implementing new technologies – facilitating agency use of technologies that improve payment accuracy (e.g., card technology).
- Leveraging solutions at the state and local level – assisting agencies to foster partnerships with state and local stakeholders and to avail themselves of solutions that have proven successful at the state and local level.

BACKGROUND

The Administration has made the elimination of improper payments a major focus of the President's Management Agenda (PMA). An improper payment occurs when Federal funds go to the wrong recipient, the recipient receives an incorrect amount of funds, or the recipient uses the funds in an improper manner. Through the Improving Financial Performance initiative of the PMA and now the newly created Eliminating Improper Payments program initiative, the President is holding agency managers accountable for strengthening financial management controls so that Federal agencies can better detect and prevent improper payments, and thus better ensure that taxpayer dollars are spent wisely and efficiently.

To further institutionalize Federal agency efforts to eliminate improper payments, the President signed the Improper Payments Information Act (IPIA) of 2002 (Public Law 107-300) into law on November 26, 2002. The central purpose of the IPIA is to enhance the accuracy and integrity of Federal payments. To achieve this objective, the IPIA provides an initial framework for Federal agencies to identify the causes of, and solutions to, reducing improper payments. In turn, guidance issued by OMB in May of 2003 (Memorandum 03-13) requires agencies to: (i) review every Federal program, activity, and dollar to assess risk of significant improper payments; (ii) develop a statistically valid estimate to measure the extent of improper payments in risk susceptible Federal programs; (iii) initiate process and internal control improvements to enhance the accuracy and integrity of payments; and (iv) report and assess progress on an annual basis.

Pursuant to OMB Memorandum 03-13, Federal agencies implemented the various requirements of the IPIA for the first time in their Fiscal Year (FY) 2004 Performance and Accountability Reports, using a common reporting format. On January 25, 2005, OMB issued *Improving the Accuracy and Integrity of Federal Payments* [http://www.whitehouse.gov/omb/financial/fia/ipia_gov-wide_report.pdf], which aggregates the results of the agency-specific reports, highlighting significant findings, agency accomplishments, and remaining challenges.

This first year of reporting under the IPIA represents a vital step in meeting the objectives of Administration's initiative to eliminate improper payments because it establishes the baseline from which short and long-term program improvement strategies and priorities will be based. The following are several notable facts and findings highlighted in the report:

- Agencies reported a total of \$45.1 billion in improper payments in FY 2004 out of \$1.2 trillion in risk susceptible outlays where an improper payment measurement was provided. This represents a 3.9% improper payment rate.
- Approximately 92% of improper payments are overpayments.

- Seven programs alone account for approximately 95% of the improper payments reported in FY 2004: Medicare (\$21.7 billion); Earned Income Tax Credit (\$8.7 billion - \$10.6 billion); Unemployment Insurance (\$3.9 billion); Supplemental Security Income (\$2.6 billion); Old-Age, Survivors, and Disability Insurance (\$1.7 billion); Public Housing/Rental Assistance (\$1.7 billion); and Food Stamps (\$1.6 billion).
- The government-wide improper payments total for the programs measured and reported in FY 2004 is expected to decrease when reported in Fiscal Year 2005, based on agency-established reduction targets.

The CFOC is exploring ways to support agency efforts to meet improper payment reduction targets. To this end, the CFOC hopes to facilitate partnerships between Federal agencies and the private sector to ensure that agencies leverage commercial best practices as part of their ongoing improvement efforts. Notably, the CFOC believes that increased attention and resources should be dedicated to achieving the reduction targets in the seven critical programs that make up 95% of the improper payments total reported in FY 2004.

RFI QUESTIONNAIRE

General

1. Describe current or past projects where your firm has been successful in preventing improper payments in the private or public sector. Include a description of any existing business relationships you currently have with States and or localities that you might be able to leverage in helping Federal agencies prevent improper payments.
2. Describe solutions (risk management, third party data sources, information technology, state and local partnerships, other) that your firm is currently (or has been) affiliated with that can be used to prevent improper payments in the Federal environment, including expenditures of federal funds by States, localities, and non-profit entities.
3. Indicate whether the solutions identified in #2 above are best applied to individual programs or can be used on a cross-cutting basis to help prevent improper payments in multiple programs.
4. For each project or solution you identify above, explain any obstacles you faced arising from application of federal or state information privacy laws, and detail how you fashioned a solution in light of these privacy considerations.

Program Specific

Please note the following caveats apply to each response from a potential offeror:

1. The questions included below focus on critical program needs but are not meant to exclude other potential solutions for each program.
2. Your answers to each of the following must include a detailed analysis of pertinent information privacy considerations.
3. Solutions offered must either fall within the confines of current laws and regulations, or they must state in the first sentence of the response, that a regulatory or legislative change would be necessary in order to implement the proposed solution.

Medicare

- Can your firm propose a web-based solution that would provide the Centers for Medicare and Medicaid Services (CMS) with a cost-effective system for displaying the Medicare Fee-for-Services (FFS) error rate data on US maps, divided into Hospital Referral Regions? (The data is currently available by zip code.)
- Can your firm propose a cost-effective solution that would provide CMS a way to display Medicare FFS error rate data to individual providers selected for CERT review to obtain feedback on their reviewed claims, including a profile of how many were found in error, the type(s) of error, etc?

Earned Income Tax Credit (EITC)

- Can your firm propose a solution that would provide the Treasury Department with real time data to allow the IRS to determine whether a taxpayer can legitimately claim a particular qualifying child for EITC purposes? (Note: It is critical that vendors familiarize themselves with EITC requirements for claiming a qualifying child before asserting the applicability of potential solutions.)

Unemployment Insurance

- In order to prevent individuals from claiming UI benefits with false identify (identity theft), can you firm propose what real time resources are available to State workforce agencies (SWA) to verify the social security numbers and other identifying information (address, date of birth, etc.) provided by the claimant at the time the initial claim is field? Your response may include potential interfaces between SWA web- and telephone-based claim systems to private databases with identify information.

Public Housing

- Can your firm propose a third party database to verify tenant income information for data match with Federal sources?
- Can your firm propose a solution that would provide HUD with means to verify household composition?

Supplemental Security Income (SSI)

- Can your firm propose a solution that would provide the Social Security Administration with:
 - timely (i.e., by the 20th of each month) and accurate wage data;
 - bank balance information; and/or
 - address change data which is timely and reliable so that SSA could match against for direct deposit recipients that might lead to a case re-determination

Old Age, Survivors, and Disability Insurance (OASDI)

- Can your firm propose a solution that would provide the Social Security Administration with:
 - timely information regarding substantial earnings to prevent large DI overpayments that can span several months; and/or
 - access to Workers Compensation data to allow SSA to prevent underpayments due to the SSI offset not being eliminated when workers compensation ends

Food Stamps

- Can your firm propose a solution that would improve States' (States, Territories, and Indian Tribes) administrative processes/procedures as well as technology utilization, to reduce certification errors and improve payment accuracy rates?

INSTRUCTIONS TO PROSPECTIVE OFFERORS

Offeror responses to the RFI must be submitted to Contracting Group, U.S. Office of Personnel Management (OPM) by 5:00 p.m. EDT, May 13th, 2005. We request electronic responses only. E-mail a copy of all response files to James C. Thieme at James.Thieme@opm.gov. We will also accept response files on a compact disc if you prefer. Please contact us in advance if you will be submitting a compact disc so we can provide shipping instructions.

Questions regarding this RFI should be e-mailed to FIAREports@omb.eop.gov. Offerors are invited to attend the Industry Day II session for this RFI scheduled for April 26, 2005, starting at 9:00 a.m. and ending at 12:00 noon. Press is not invited to this event. RSVP with attendee names by April 22, 2005, to FIAREports@omb.eop.gov. Location and directions will be forwarded to you with the attendance confirmation.

RFI responses must conform to the format below and provide the following information:

1. Cover Letter – The cover letter must include the following information:
 - Company name
 - Company point of contact, telephone number and email address
 - Date submitted
 - Applicable company GSA FSS Information Technology and/or Financial Management schedule number.
2. Offerors should respond to each of the general questions. However, offerors may choose to respond to the program specific questions as they apply to them.
3. If you choose not to respond to a question, indicate “no response.”
4. Offerors’ responses must be submitted in Microsoft Word 2000 or later, and are limited to 20 single-sided pages for the general questions and 10 single-sided pages for each of the program specific areas with printing no smaller than 10 point. (Text in graphics, tables and figures may be smaller than 10 point.) Margins should be a minimum of one inch all around.
5. Submissions must be in sufficient detail and clarity to provide the information needed to assess your solution approach.
6. As part of the market research associated with this RFI, we are also seeking pricing information, as applicable, for proposed solutions. This may be in the form of specific pricing from applicable GSA FSS schedules, or commercial pricing if your company offers products / solutions that may meet particular program specific needs. Any pricing information received is solely for information-gathering and planning purposes.
7. Marketing and/or reference materials, if included, must be placed at the end of the response, in an appendix.